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Top Secret 219

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NATIONAL INTELLIGENCE DAILY CABLE

Thursday 5 January 1978

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NATIONAL SECURITY INFORMATION
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National Intelligence Daily Cable for Thursday, 5 January 1976.

The NID Cable is for the purpose of informing senior US officials.

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CONTENTS

ARAB STATES: Possible Summit Page 1

VIETNAM-CAMBODIA: Diplomacy Page 5

INDIA: Gandhi Splits Opposition Page 6

UK-USSR: Steel Imports Banned Page 7

HUNGARY: Kadar The Middleman Page 7

EAST GERMANY: Reaction to *Spiegel* Page 9

CHILE: Pres. Pinochet's Victory Page 10

BRIEFS Page 11

Palestinians

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ARAB STATES: Possible Summit

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[REDACTED] Boumediene, who departed Baghdad on Wednesday en route to Kuwait and perhaps other Arab states, was probably trying to determine Iraq's terms for making common cause with other hard-line Arabs against Sadat and the willingness of the Iraqis to call off their drawn-out feud with Syria--a situation Boumediene would like to mediate.

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(S) Iraq's motives for becoming involved again in efforts to counter Sadat's moves are not clear, but it may have concluded that the results of the Ismailia summit have deepened Arab doubts about the wisdom of Sadat's negotiating process. It is just as likely, however, that the Iraqis see a vacuum they can exploit--if only to further Iraq's interests in its feud with Syria.

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[REDACTED] The hard-line Arabs believe a Syrian-Iraqi rapprochement is a necessity if an effective counter to Sadat is to be organized. There are some indications, according to the US Embassy in Damascus, that some kind of accommodation may soon be reached.

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[REDACTED] Any reconciliation, however, is likely only to be a temporary papering-over of the deep split between the rival Baathist governments in Baghdad and Damascus.

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[] Unless Asad does a complete and unexpected about-face--or the Iraqis come up with new formulations--he is unlikely to reach agreement with Baghdad on cooperating against Israel or for taking steps to derail Sadat's negotiations with Tel Aviv.

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[] Iraq has already proposed on many occasions the creation of an eastern front--which would involve the stationing of a large part of the Iraqi Army in Syria. Asad would welcome Iraqi aid in case of another war with Israel, but he is not likely otherwise to risk having an Iraqi military presence in Syria. He knows too well that it might open Syria to an attack by Israel or to an Iraqi attempt to overthrow him.

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[] Iraq also has long considered itself the premier exponent of "rejectionism"--the doctrine that calls for no peace, no negotiations, and no recognition of Israel. Hewing to this line, the Iraqis also do not accept UN Security Council Resolutions 242 and 338.

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[] At the anti-Sadat conference held in Tripoli early last month, the Iraqis walked out and refused to sign the final communique--which was signed by the other participants--on the grounds that it did not call for tough sanctions against Sadat and did not reject any form of negotiations with Israel.

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[] Although Asad has reacted harshly against Sadat's present tactics, we doubt that he is willing to adopt a full-fledged rejectionist stance. At the Tripoli meeting, for example, Asad reportedly persuaded the participants--except for Iraq--not to burn their bridges to Cairo. []

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VIETNAM-CAMBODIA: Diplomacy

25X1 [] Vietnam has begun a vigorous diplomatic campaign to present its side of the conflict with Cambodia. The Vietnamese are promoting an image of aggrieved restraint and emphasizing Cambodian provocation and their own desire for a peaceful settlement.

25X1 [] On Tuesday, the Vietnamese Embassy in Laos circulated in the diplomatic corps a "declaration" that summarizes Hanoi's version of the postwar history of territorial disputes with the Cambodians and Vietnam's attempts to reach a settlement. The Vietnamese describe their frustrated efforts to arrange high-level talks with the Cambodian leaders but urge again that the two sides meet to settle their border problem in a spirit of "fraternal friendship."

25X1 [] Vietnamese diplomats elsewhere have sought support or at least a sympathetic ear for their position. They have made demarches to the Swedish Government, which reportedly agreed to issue a statement expressing its hope for a peaceful settlement. The Indian Government reacted in similar fashion following a briefing by the Vietnamese Ambassador in New Delhi.

25X1 [] Even before Cambodia broke diplomatic relations with Vietnam last Saturday, Hanoi tried to establish its credentials as the aggrieved party--probably hoping to develop a persuasive rationale for its incursion into Cambodian territory--in briefings of foreign diplomats in Hanoi and in [] communications to foreign leaders such as Prime Minister Kriangsak of Thailand.

25X1 [] In contrast to the generally neutral international reaction to the conflict, Moscow has come out with strong public support for Vietnam's position. Official Soviet media have only hinted at Chinese involvement, but the Moscow-sponsored Radio Peace and Progress has explicitly charged that Peking provoked the decline in relations between Vietnam and Cambodia. While Peking has long supported Phnom Penh's side in the dispute with Hanoi, Chinese coverage of the most recent developments has stopped short of direct endorsement of the Cambodian position. []

INDIA: Gandhi Splits Opposition

25X1 [] *The aggressive tactics former Prime Minister Gandhi evidently intends to employ are likely to disrupt Indian politics. Her decision to split the Congress Party diminishes, if not destroys, the party's potential for establishing itself as India's first major opposition party since independence. The split in opposition ranks also increases the difficulty the ruling Janata Party will have in staying together over the long term.*

25X1 [] Gandhi and about a third of her followers on the All-India Congress Committee, the Congress Party's general working body, called their own convention in Delhi this week attended by 1,500 to 2,000 supporters. They declared their independence of the present Congress leadership--after having failed in earlier attempts to take over the party's organization--and issued a program condemning the government's domestic and foreign policies. The rebels were promptly expelled from the party by Congress President Brahmananda Reddy and Parliamentary Leader Y. B. Chavan.

25X1 [] The week's actions parallel events in 1969 when Morarji Desai and others broke away from the then governing Congress Party and expelled Gandhi. At that time, however, by exercising the powers of government and patronage Gandhi was able to retain the loyalty of a large majority of Congress Party members and to solidify her control over the party. Neither wing of Congress has that power now.

25X1 [] The future outline of Indian politics is once again fluid. We are not yet sure of the extent of Gandhi's support in the Congress, or of where the bulk of her strength lies in India. Both wings of the party are sure to begin wooing potential supporters. If Gandhi can muster sufficient popularity in three southern states where elections are to be held in the spring, she could emerge as a leader with at least regional strength.

25X1 [] If the Reddy-Chavan Congress appears to be losing popular support, many of its members might give in to the temptation to join the Janata Party--especially in the north where the governing party is strongest.

25X1 [] On the other hand, the old Congress Party might ap-
25X1 pear more attractive now that it is dissociated from the stigma
of Gandhi and emergency rule, and disgruntled Janata factions
in some states may be tempted to join with it in new political
coalitions. []

UK-USSR: Steel Imports Banned

25X1 [] //The British Government has banned the import of
virtually all Soviet steel in 1978. Under pressure from the
troubled British steel industry, Secretary of State for Trade
25X1 Dell invoked emergency provisions of the European Coal and
Steel Community against Soviet steel exports.//

25X1 [] //British imports of Soviet steel--mostly flat
rolled products--reportedly increased from 16,000 tons in 1976
to about 100,000 tons last year. This volume, about the same
as total Soviet steel exports to the West in 1976, earned Mos-
cow an estimated \$30 million to \$40 million.//

25X1 [] //London hoped that the Soviets would agree to
limit exports, as had most East European countries, but Moscow
would not agree to a level acceptable to the British. Given
the glut in Western steel markets, the USSR will have diffi-
culty finding another customer in the West and may have to
divert the steel to domestic uses.//

25X1 [] //The British expect some retaliation, possibly
in the form of reduced Soviet purchases of British steel. The
Soviets import large amounts of steel from the West--including
large-diameter pipe, specialty steels, and a wide variety of
other products--and could easily buy elsewhere. []

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HUNGARY: Kadar The Middleman

25X1 [] //Recent reports indicate that Hungarian
party leader Kadar has been acting as a "mediator" between the
USSR and the independent-minded West European Communists. Last
fall the Hungarians received visits from the leaders of the
French and Italian parties; they reportedly have also invited
Spanish Communist leader Santiago Carrillo to visit Budapest.

Kadar is doing this to gain favor with Moscow and because he knows that a split between the Eurocommunists and Moscow would force him to sever ties with the Western parties.//

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25X1 [REDACTED] //The specific purposes of Kadar's "mediating" have not been spelled out. One likely aim is a toning down of the West Europeans' anti-Soviet rhetoric. Hungarian press articles on Eurocommunism have consistently called for an end to public polemics and for private discussion of differences over the strategy and tactics of revolution.//

25X1 [REDACTED] //Moscow clearly cannot stomach the strident anti-Sovietism of such people as Carrillo, which they see as undermining their authority with Communist parties throughout the world and which they fear as a potentially disruptive influence in Eastern Europe and at home. Moscow has had a bit of success in getting some Eurocommunists to dampen their public anti-Soviet statements and may see advantages to following up this partial success with a lobbying effort by the Hungarians.//

25X1 [REDACTED] //The Hungarian activity may be part of a Soviet strategy designed to impede the development of a Western Communist identity. The Soviets have long sought to deflect the West European parties from organizing regional meetings by promoting broader gatherings to deal with noncontroversial topics in which the Soviets and their allies would have a voice.//

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25X1 [REDACTED] From the Soviet perspective, such sessions could help intensify any differences among the Eurocommunists and provide a forum in which Moscow could exert influence.//

25X1 [redacted] //Apart from his own desire to see the "international movement" hold together, Kadar probably wants to do a favor for Moscow that the USSR may reciprocate on bilateral issues at some future date.//

25X1 [redacted] //Some Hungarians may also believe that the phenomenon of Eurocommunism is in Hungary's interest because it helps to expand the limits of what the Soviets are willing to tolerate and thereby allows Hungary more latitude in domestic or foreign affairs.//

25X1 [redacted] //Eastern Europe, however, occupies a special place in Soviet thinking, and Moscow seems likely always to demand more in the way of loyalty and orthodoxy from the countries in the region than it could hope to get from other Communist parties farther removed. [redacted]

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EAST GERMANY: Reaction to *Spiegel*

25X1 [redacted] East Germany has reacted swiftly in denouncing the West German news magazine *Der Spiegel*'s publication this week of an "opposition manifesto" that purports to represent the work of a dissident group of "medium and high-level" East German party officials.

25X1 [redacted] East German media have labeled the document an "atrocious fabrication" designed to upset relations between West and East Germany. The government has also refused to accredit *Spiegel*'s new correspondent in East Germany. *Spiegel* has been unusually critical of East Germany since the arrest in August of dissident critic Rudolf Bahro, whose criticism of the regime *Spiegel* published.

25X1 [redacted] The "manifesto" asserts that "democratic and humanitarian Communists" in East Germany have organized an illegal "League of Democratic Communists of Germany" to work for a democratic Communist order, a unified and neutral Germany, and the realization of basic human rights for each citizen. The document is strongly anti-Soviet, nationalistic, and critical of East Germany's political system and its leaders.

25X1 [] The rambling and clumsily worded "manifesto" claims to represent the culmination of a line of German Marxist theoreticians from Karl Liebknecht through Ernst Bloch, Robert Havemann, and Wolfgang Harich. The latter, however, has publicly described the manifesto as "completely lacking in credibility." Harich said that its language clearly does not represent that used by East German party officials. It also seems highly unlikely that any reasonably serious dissident group in East Germany would take on the Soviets in so straightforward, abusive, and dismissive a manner as the manifesto. []

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CHILE: Pres. Pinochet's Victory

25X1 [] *Chilean President Pinochet appears to have won a handsome personal victory in yesterday's plebiscite. The vote surpassed his own best hopes for the outcome. The latest available figures indicate that about 78 percent of the voting populace approved his rule.*

25X1 [] We expect Pinochet simply to ignore critics of the voting process, which was heavily loaded to ensure a favorable result. He will make the most of the victory as evidence of the regime's legitimacy and of his own political wisdom. In months to come, Pinochet is likely to have reason to regret this exercise in manipulating public opinion, which probably has raised political expectations that the government will not want to meet. But for now, Pinochet is in a privileged position.

25X1 [] Having consolidated his superior position in the junta, Pinochet will have a free hand in many areas. Probably at least the more outspoken of his critics on the junta, Air Force General Leigh, will be obliged to retire. Another junta member, Admiral Merino, might also step aside.

25X1 [] Pinochet's win will galvanize support in the military, where doubt about his judgment and leadership was beginning to spread.

25X1 [] Options on the domestic scene are broader. Pinochet is almost certain to be tougher toward opponents in political and labor circles, but he could go either way toward the public generally. He might loosen some of the more onerous security restrictions such as the curfew, but he will see no need to narrow his definition of subversion.

25X1 [] The effect of the plebiscite on Pinochet's approach
to foreign policy is harder to judge. Elated by the popular
denigration of international criticism, he might go so far as
to pull Chile out of the UN. He is more likely, however, to
wait to see what impact the vote has internationally. []

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BRIEFS

Palestinians

25X1 [] Those responsible for the assassination yesterday of
the Palestine Liberation Organization representative in London,
Said Hammami, have not yet been identified. Hammami was a mem-
ber of the moderate faction of Fatah and apparently was chosen
for the post in London because of his ability to present the
moderate Palestinian position to Western audiences. In the past,
he apparently had participated in semiclandestine meetings held
between nonofficial Israeli doves and moderate Palestinians to
discuss conflicting Palestinian and Israeli views on settlement
issues. He may have been killed by Palestinian extremists be-
cause of this activity. []

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